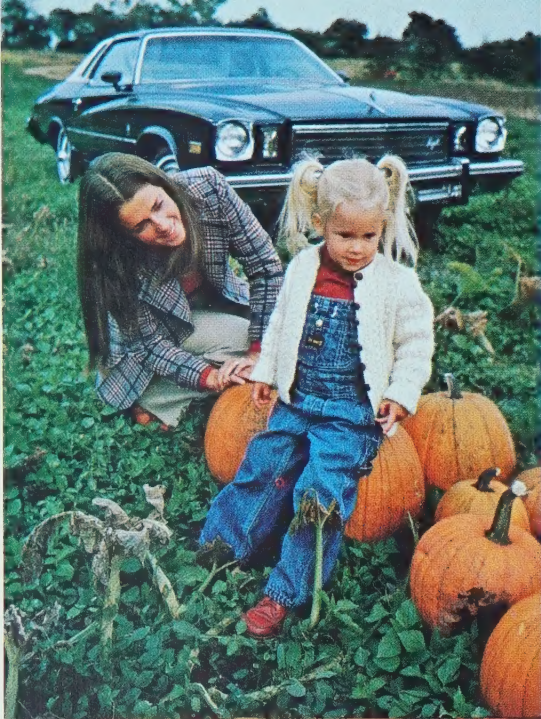


AR34

General Motors
Corporation

Annual Report
for 1974





Highlights

Cover

Evening skyline of New York serves as a setting for Buick's 1975 Skyhawk.

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S.E.C. Form 10-K

Common stockholders (including beneficial owners) may obtain a copy of the Annual Report to the Securities and Exchange Commission on Form 10-K, including the financial statements and schedules, from General Motors after May 1, 1975. Requests should be addressed to: Manager, Stockholder Relations, General Motors Corporation, Room 11-229, 3044 West Grand Boulevard, Detroit, Michigan 48202.

The Annual Meeting of Stockholders

will be held on May 23, 1975, in Detroit, Michigan.

It is expected that proxy material will be sent to stockholders beginning about April 18, 1975, at which time proxies for use at this meeting will be requested.

Principal Offices

3044 West Grand Boulevard
Detroit, Michigan 48202

767 Fifth Avenue
New York, New York 10022

Stock Transfer Offices

767 Fifth Avenue
New York, New York 10022

3044 West Grand Boulevard
Detroit, Michigan 48202
(Effective April 1, 1975)

21 King Street, East
Toronto, Ontario M5C 1B3,
Canada

1350 Sherbrooke Street, West
Montreal, Quebec H3G 1J1,
Canada

	1974	1973
Sales of all Products		
United States Operations		
Automotive products	\$23,446,723,000	\$28,116,617,000
Nonautomotive products	2,210,232,000	1,938,748,000
Defense and space	359,047,000	316,427,000
Total United States Operations	26,016,002,000	30,371,792,000
Canadian Operations	3,693,703,000	3,115,972,000
Overseas Operations	5,968,827,000	5,779,041,000
Elimination of Intercompany Sales	(4,128,986,000)	(3,468,516,000)
Total	\$31,549,546,000	\$35,798,289,000

Factory Sales of Cars and Trucks

Manufactured in United States plants	4,678,000	6,512,000
Manufactured in Canadian plants	642,000	580,000
Manufactured in Overseas plants	1,370,000	1,592,000
Total	6,690,000	8,684,000

Net Income

Amount	\$ 950,069,000	\$ 2,398,103,000
As a percent of sales	3.0%	6.7%
Earned per share of common stock	\$3.27	\$8.34
Dividends per share of common stock	\$3.40	\$5.25

Taxes

United States, foreign and other income taxes	\$ 727,100,000	\$ 2,115,000,000
Other taxes	1,142,000,000	1,090,700,000
Total	\$ 1,869,100,000	\$ 3,205,700,000

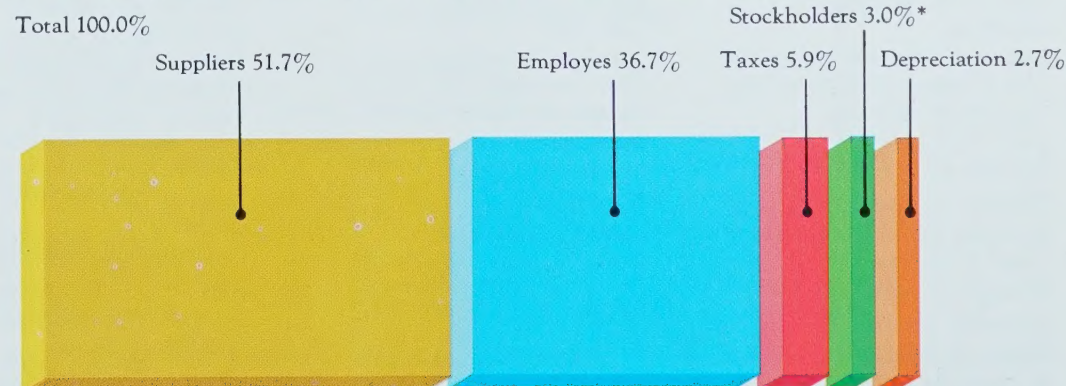
Investment as of December 31

Working capital	\$ 5,541,929,000	\$ 6,196,851,000
Stockholders' equity	\$12,530,597,000	\$12,566,777,000
Book value per share of common stock	\$42.58	\$42.71

Worldwide Employment

Average number of employees	734,000	811,000
Total payrolls	\$ 9,771,416,000	\$10,308,510,000

What Happened to the Revenue GM Received During 1974



*Exclusive of \$36 million paid out of earnings of prior years

Board of Directors

EUGENE N. BEESLEY
President,
Lilly Endowment, Inc.
(Charitable Organization)
Director—10 Years

HARLLEE BRANCH, JR.
Former Chairman of the Board,
The Southern Company
(Electric Utilities)
Director—10 Years

CATHERINE B. CLEARY
President,
First Wisconsin Trust Company
(Trust Services)
Director—2 Years

JOHN T. CONNOR
Chairman of the Board,
Allied Chemical Corporation
(Chemical, Fabricated and Energy Products)
Director—9 Years

ELLIOTT M. ESTES
President and Chief Operating Officer
Service—40 Years
Director—2 Years

WALTER A. FALLON
President,
Eastman Kodak Company
(Photographic Equipment,
Chemicals and Fibers)
Director—2 Years

CHARLES T. FISHER, III
President,
National Bank of Detroit
(Banking)
Director—3 Years

RICHARD C. GERSTENBERG
Former Chairman,
Board of Directors
Director—7 Years

ROBERT S. HATFIELD
Chairman and President,
Continental Can Company, Inc.
(Packaging Products)
Director—1 Year

REUBEN R. JENSEN
Executive Vice President
Overseas Operations and
Nonautomotive and Defense Group
Service—29 Years
Joined Board in 1974

HOWARD H. KEHRL
Executive Vice President
Technical Center Staffs
Service—27 Years
Joined Board in 1974

JAMES R. KILLIAN, JR.
Honorary Chairman of the
Corporation, Massachusetts
Institute of Technology
(Education)
Director—15 Years

OSCAR A. LUNDIN
Vice Chairman, Board of Directors
Service—41 Years
Director—5 Years

JOHN A. MAYER
Former Chairman of the Board,
Mellon Bank N.A.
(Banking)
Director—6 Years

F. JAMES McDONALD
Executive Vice President
U. S. and Canadian Automotive Operations
Service—34 Years
Joined Board in 1974

W. EARLE McLAUGHLIN
Chairman and President,
The Royal Bank of Canada
(Banking)
Director—8 Years

HOWARD J. MORGENS
Chairman of the Executive Committee,
The Procter & Gamble Company
(Household and Industrial Products)
Director—12 Years

THOMAS A. MURPHY
Chairman, Board of Directors
and Chief Executive Officer
Service—37 Years
Director—3 Years

ELLMORE C. PATTERSON
Chairman of the Board,
Morgan Guaranty
Trust Company of New York
(Banking)
Director—1 Year

JAMES M. ROCHE
Former Chairman,
Board of Directors
Director—12 Years

SHERMER L. SIBLEY
Chairman of the Board,
Pacific Gas and Electric Company
(Gas and Electric Utility)
Joined Board in 1974

GERALD A. SIVAGE
Chairman of the Executive Committee,
Marshall Field & Company
(Retail Merchandising)
Director—5 Years

ROGER B. SMITH
Executive Vice President
Financial, Industry-Government
Relations, and Public Relations Staffs
Service—26 Years
Joined Board in 1974

LEON H. SULLIVAN
Pastor, Zion Baptist Church
of Philadelphia
Director—4 Years

RICHARD L. TERRELL
Vice Chairman, Board of Directors
Service—37 Years
Director—2 Years

CHARLES H. TOWNES
Professor, University of California
(Education)
Director—1 Year

Committees

FINANCE

THOMAS A. MURPHY
Chairman
OSCAR A. LUNDIN
Vice Chairman
EUGENE N. BEESLEY
JOHN T. CONNOR
ELLIOTT M. ESTES
WALTER A. FALLON
RICHARD C. GERSTENBERG
JOHN A. MAYER
HOWARD J. MORGENS
JAMES M. ROCHE
ROGER B. SMITH
RICHARD L. TERRELL

EXECUTIVE

ELLIOTT M. ESTES
Chairman
RICHARD L. TERRELL
Vice Chairman
REUBEN R. JENSEN
HOWARD H. KEHRL
OSCAR A. LUNDIN
F. JAMES McDONALD
THOMAS A. MURPHY
ROGER B. SMITH

AUDIT

CHARLES T. FISHER, III
Chairman
HARLLEE BRANCH, JR.
W. EARLE McLAUGHLIN
LEON H. SULLIVAN

PUBLIC POLICY

JOHN A. MAYER
Chairman
CATHERINE B. CLEARY
ROBERT S. HATFIELD
JAMES R. KILLIAN, JR.
GERALD A. SIVAGE
CHARLES H. TOWNES

BONUS AND SALARY

EUGENE N. BEESLEY
Chairman
JOHN T. CONNOR
WALTER A. FALLON
HOWARD J. MORGENS
JAMES M. ROCHE

NOMINATING

JOHN T. CONNOR
Chairman
EUGENE N. BEESLEY
WALTER A. FALLON
JOHN A. MAYER
HOWARD J. MORGENS



Officers

RICHARD L. TERRELL
Vice Chairman

THOMAS A. MURPHY
Chairman and Chief
Executive Officer

ELLIOTT M. ESTES
President and Chief
Operating Officer

OSCAR A. LUNDIN
Vice Chairman

EXECUTIVE VICE PRESIDENTS

REUBEN R. JENSEN
HOWARD H. KEHRL
F. JAMES McDONALD
ROGER B. SMITH

ROBERT J. COOK
General Manager
Oldsmobile Division

THOMAS E. DARNTON
Procurement and Production
Control Staff

PETER K. HOGLUND
General Manager
Electro-Motive Division

CHARLES KATKO
General Manager
GM Assembly Division

GEORGE B. MORRIS, JR.
Industrial Relations Staff

CHARLES J. SCANLON
Coordinator of
Pension Fund Investments

VICE PRESIDENTS AND GROUP EXECUTIVES

JOSEPH E. GODFREY
Body and Assembly Divisions Group

FRANK O. RILEY
Automotive Components Group

HAROLD L. SMITH, JR.
Nonautomotive and Defense Group

ROBERT W. DECKER
General Manager
Fisher Body Division

ANTHONY G. DE LORENZO
Public Relations Staff

HENRY L. DUNCOMBE, JR.
Chief Economist

EDWARD C. KENNARD
General Manager
Cadillac Motor Car Division

ROBERT L. KESSLER
Manufacturing Staff

JAMES E. KNOTT
General Manager
Detroit Diesel Allison Division

OTIS M. SMITH
Associate General Counsel

ERNEST S. STARKMAN
Environmental Activities Staff

HENRY W. WELCH
Financial Staff

FRANK J. WINCHELL
Engineering Staff

VICE PRESIDENTS

HAROLD W. CAMPBELL
General Manager
Frigidaire Division

MARTIN J. CASERIO
General Manager
Pontiac Motor Division

PAUL F. CHENEA
Research Laboratories

DAVID C. COLLIER
President and General Manager
General Motors of Canada Limited

GEORGE R. ELGES
General Manager
Buick Motor Division

STEPHEN H. FULLER
Personnel Administration and
Development Staff

HARLOW W. GAGE
General Manager
General Motors Overseas
Operations Division

FRAZER F. HILDER
General Counsel

ROBERT D. LUND
General Manager
Chevrolet Motor Division

ROBERT F. MAGILL
Industry-Government
Relations Staff

ALEX C. MAIR
General Manager
GMC Truck & Coach Division

WILLIAM L. MITCHELL
Design Staff

MACK W. WORDEN
Marketing Staff

STAFF OFFICERS

F. ALAN SMITH
Treasurer

ARCHIE M. LONG
Comptroller

CALVERT THOMAS
Secretary

Letter to Stockholders

The United States entered 1974 with its energy supply cut back by an oil embargo, with its economy sliding into the worst postwar recession, and with the political trauma of Watergate still deepening. During a momentous year, Americans buttoned up and queued up, slowed down and dialed down, faced up to double-digit inflation and the prospect of increasing unemployment. They changed an Administration, elected a new Congress, and entered 1975 hoping for a better year.

For the automobile industry, 1974 was the year the patterns of the marketplace went awry. In the gasoline-short early months, demand for small cars soared to unprecedented levels while sales of full-size cars dropped sharply. For a time, used Vegas were bringing higher prices than used Impalas. No one knew when the oil embargo and gasoline allocations would end; no one knew where the new trends would lead. America's love affair with the automobile was said to be over.

The hard times made for hard decisions. Great numbers of employees had to be laid off, and production planning was especially difficult. Despite the slack market, prices had to be raised to offset, at least partially, the unprecedented increases in costs. Greater efficiency had to be promoted and costs cut wherever possible. At the same time, to respond to the shifting market, hundreds of millions of dollars in capital expenditures had to be committed to production of smaller cars and more fuel-efficient engines.

In the spring, with the end of the embargo, there was less talk about the end of the "love affair." Sales revived, and virtually all GM employees who had been on temporary layoff were called back to their jobs. In August, more Chevrolets and Cadillacs were sold than in any August in history although, in retrospect, much of the sales bulge was due to anticipation of higher prices. By September, the United States had a new President and higher hopes. The GM 1975 lineup had new small cars and restyled compacts in four car divisions, and a new distinctive Cadillac scheduled for the spring. There were new smaller engines, the gas-saving

catalytic converter system and radial tires, and lower operating and maintenance costs. The new lineup represented exceptional value.

But the economic recession, which had been obscured by the energy shortage and by concern about inflation, soon dampened sales. Again, there were low sales and high inventories, more layoffs and new cutbacks. At the year's end, about 100,000 GM employees in the United States were on indefinite or temporary layoff, and for the year, average GM worldwide employment declined from 811,000 to 734,000.

Despite the turbulence and adversity of this extraordinary year, GM again demonstrated its ability to adjust to change, to develop more efficiency and economy in its products and its plants, and to merchandise aggressively. 1974 worldwide dollar sales totaled \$31.5 billion, 12% below the record of 1973 but nevertheless the second highest in history. Factory sales worldwide fell off to 6.7 million cars and trucks, 23% less than the 1973 record. Truck sales remained strong early in the year, but fell off later as the economy weakened. Unit sales overseas also were down in 1974, although dollar sales were slightly above 1973. In Canada, though, unit sales of cars and trucks as well as dollar sales for the year were at record levels. In the U.S., nonautomotive dollar sales increased 14% over 1973. GM's worldwide earnings for 1974 dropped 61% to \$3.27 per share from the \$8.34 per share earned in 1973. Income dropped to 3.0% of sales from 6.7% in 1973. Dividends paid in 1974 totaled \$3.40 per share, compared with the \$5.25 per share paid in 1973.

Under the provisions of the Bonus Plan, \$5.9 million was earned in 1974. Upon recommendation of the Executive Committee, the Bonus and Salary Committee determined that the officers, together with a substantial number of other senior executives, will receive no awards related to 1974, thus making the full amount available for those eligible for a bonus at the lower salaried levels.

For the first quarter of 1975, the Board of Directors reduced the dividend to \$0.60 per share, compared with the \$0.85 paid in the first quarter last year. Our profit posi-

tion remains under extreme pressure and our selling prices are low in relation to costs. At the same time, our capital spending continues relatively high, due to the anticipated requirements of the market. We have been taking measures to cut costs, and to limit capital and tool expenditures to those programs essential to the continued strength of the Corporation. Your Board acted in the firm belief that these actions, together with the reduction in the dividend to conserve needed capital, will help assure GM's continued strength and profitability in the long-term interest of our stockholders and employees.

In the perspective of GM history, this second-best year in terms of dollar sales was only the fourteenth highest in terms of net income. Profits were pushed down not only by the reduced unit volume but by the burden of higher costs not fully recovered in price. The cost of the raw materials we use to build cars rose 36% in 1974 and GM's average hourly labor cost, including benefits, increased 18%. Against this, in the highly competitive marketplace, prices could not be increased enough to keep pace with costs, and at the year's end, price increases still lagged seriously behind the cost increases. Over the four model years, 1972 through 1975, cost increases on the average GM vehicle in the United States exceeded price increases by more than \$500. And, significantly, for the same period, according to the Bureau of Labor Statistics, new-car prices, adjusted for quality, rose only half as much as all consumer prices.

On top of increases in labor and materials, the accumulated cost to the customer of several years of government-mandated safety and emission-control equipment, virtually all of it sold without markup by GM, grew to over \$600 per car on 1975 models. Some safety and emission-control features are worth the price, to our customers and to society. Others, however, are of more questionable benefit. Whatever their expected merit in the more prosperous time of their promulgation, all the mandated standards should be reexamined in the harsher light of economic recession and the now critical need for energy conservation.

Conservation is simply the wise use of our resources. It should comprehend all uses of energy from the home to the factory, and all sources from the coal-pit to the hydroelectric dam. Unfortunately, the automobile is assumed to be an easy target for major but painless conservation. This assumption is wrong for two reasons. First, the automobile is the backbone of our transportation system and, as we learned so painfully during the oil embargo, a massive and sudden curtailment in the use of cars and trucks disorganizes personal lives and triggers severe repercussions in the national economy. Second, as important as it is, the automobile accounts for only about 13% of all energy use, and all transportation accounts for only 25%. In fact, if every car in the United States were taken off the road, we would still need to import oil.

During 1974, gasoline consumption in the U.S. not only ceased its annual growth, but declined by an estimated 3%. It is uncertain, however, whether this saving can be attributed to higher prices, or to reduced speeds, car pooling, and other conservation efforts, or to the deepening economic recession. In any case, it is discouraging to note that, more than a year after the oil embargo began, the United States was importing more oil than before—and producing less domestic oil. In this irony lies the clear lesson that two centuries of free enterprise should have taught: that we must rely upon the market mechanism if we are to achieve our national goal of less dependence on foreign oil.

The nation's energy resources can be intelligently managed and priced in order to increase the incentives to develop domestic energy and to reduce the attractiveness of foreign oil. We can achieve both an expansion in supply as well as a common-sense conservation. With a competitive economy and fair incentives, innovation will rise to fill the need. This has been the American experience, and to fear that it will no longer occur is to renounce an economic system which remains the fairest and the freest means of putting the world's resources to work for its people.

That the United States must develop an energy policy that will serve its vital in-

terests is no longer debatable. To succeed, this policy must assure orderly and sustained domestic economic growth as we progress toward greater security of energy supplies. And we will achieve that progress with less waste and disruption of employment and patterns of living if we rely primarily on the free market. In this way we can maintain balance among ways to achieve conservation, as well as balance between conservation and greater domestic production.

An illustration of how the market mechanism serves as a viable means for our society to regain energy balance can be seen in the significant contributions toward energy conservation made by General Motors during 1974. By developing the catalytic converter system for our 1975 cars, General Motors improved gasoline mileage over 1974 models by a significant 15% per car on a sales-weighted average. We expanded our capability to build small cars by 70%. We continued our research and development of alternatives to the internal-combustion engine, but as yet we see no economical and efficient substitute that is capable of meeting the statutory emission standards and GM fuel-economy objectives. We continued to work toward better public transportation in our Transportation Systems Division, and by competing in the manufacture and sale of coaches and locomotives.

Confronted by imbalances of petroleum supplies, the world's leaders are faced with a momentous choice: either continue economic growth or dash the hopes of millions of people for a better life. We believe mankind will progress along a middle road. No growth makes no sense—not for the United States, not for anyone. Our national energy policy must aim at balancing all the needs of society, from ecological to economic, while fostering prospects for further growth and progress for everyone. A difficult goal, but a free society can aspire to no other, nor can it be satisfied with the achievement of anything less.

In 1975 and beyond, GM will continue to work toward energy conservation. We have assured the Administration that we

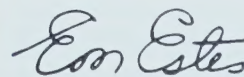
will make an all-out effort to achieve the national objective of a 40% improvement in gas mileage (over 1974 levels) by 1980. We have pointed out, however, that the goal can be achieved more surely and with greater benefit to our customers and the economy if the present effective emission controls are not tightened further, and if there is a productive pause in other regulations which add weight and cost to our vehicles.

As for the business outlook, we believe that current economic conditions contain the seeds of their own improvement. Inflationary pressures are easing, demand pressures on basic materials have ebbed, and interest rates are coming down. With appropriately encouraging monetary and fiscal policies, 1975 will be recognized as a turnaround year. Total car and truck sales for the world in 1975 should come to 33 million—about 25 million cars and 8 million trucks. While this total for the year would be about the same as in 1974, the significance is that the rate of sales is expected to increase as the year progresses. We expect General Motors to participate fully in this steadily strengthening market. We plan to spend about \$1.4 billion on capital equipment and facilities in 1975, approximating the record 1974 expenditure.

Upon the retirement late in 1974 of Chairman Richard C. Gerstenberg and President Edward N. Cole, both at age 65, a new team was elected to the leadership of General Motors. We pledge a determined continuation of the progress these men and their predecessors have achieved. The difficulties of our times are not to be underestimated; but neither are the resources, talents, and experience of the great Corporation we are privileged to lead.



Chairman



President

February 12, 1975



Chevrolet Impala 4-Door Sedan

A Review of Operations^{*}

Dollar sales of GM products worldwide in 1974 reflected the general decline in business activity and totaled \$31.5 billion, a 12% decrease from the record sales of \$35.8 billion in 1973. With the lower sales volume and rapidly rising costs, earnings dropped to \$3.27 per share from the record \$8.34 per share in 1973.

U.S. Auto Industry Sales

Industry-wide retail sales of cars and trucks in the U.S., including imports, totaled 11.6 million units—a 21% decline from the record 14.6 million units sold in 1973. Passenger car sales totaled 8.9 million units, down 22% from last year's 11.4 million units, and truck sales totaled 2.7 million units, down 15% from the 3.2 million units in 1973.

GM's U.S. Unit Sales

GM's 1974 U.S. factory sales of 4,678,000 cars and trucks were 28% below the 1973 record of 6,512,000 units. These sales included 3,592,000 cars and 1,086,000 trucks, compared with 5,251,000 cars and 1,261,000 trucks in 1973.

On a retail sales basis, including imports, General Motors accounted for 42% of all

new passenger cars and 40% of all new trucks delivered in the U.S. in 1974, compared with 45% and 40%, respectively, in 1973. GM entered 1974 with adjustments in both production and model mix required to meet the shift in demand to smaller cars. With the lifting of the oil embargo, sales of full-size and mid-size cars began to regain some strength. However, sales of smaller cars continued to be a large factor in the marketplace.

Although GM's 1974 unit sales were at reduced levels, there were some noteworthy developments. Chevrolet retained its leadership as the number-one seller of passenger cars in the U.S. with retail sales of 2,019,000 units. Both GMC and Chevrolet truck sales showed good strength throughout most of the year. Sales of GMC coaches during the year were 24% above 1973, reflecting the expanding demand for public transportation equipment.

The 1975 model year got off to a slow start—much slower than had been anticipated. The deepening impact of the recession together with an unavoidable increase in the price of 1975 models due to inflationary pressures were factors in the low level of new-car sales, but higher trade-in prices of used cars moderated the impact of the price increase. The 1975 models offer the widest selection of cars and trucks in GM history in all size and price classes and provide outstanding product values.

All 1975 model GM cars built in North America for sale in the United States are equipped with a catalytic converter system

which together with other changes, offers a substantial improvement in fuel economy with a significant reduction in exhaust emissions. On a sales-weighted basis, GM's 1975 model cars provide an average 15% increase in fuel economy in city-suburban driving, compared with their 1974 counterparts. The 1975 models also offer significant savings in operating and maintenance costs.

Other Products

In 1974, General Motors established record dollar sales for its nonautomotive products in the United States, with sales totaling \$2.2 billion, 14% above the 1973 level.

Electro-Motive Division's record dollar sales for the fourth consecutive year reflected the strong demand for locomotives as well as for high horsepower diesel engines and power systems for other applications, especially in marine and oil well drilling use.

Demand for TEREX off-highway earth-moving products in 1974 resulted in the highest dollar sales in the Division's history. On October 8, 1974, the Division unveiled the world's largest hauler—the diesel-electric TEREX TITAN, which has a 350-ton payload capacity designed for open pit mining operations.

For the third consecutive year, Detroit Diesel Allison Division established record sales for its heavy-duty diesel engines and transmissions for both on- and off-highway applications.

Frigidaire Division's unit sales of house-

^{*}Additional information on GM operations during 1974 in such areas as automotive emissions and safety, energy conservation, and equal employment opportunities will be available in a supplemental booklet "1974 GM Report on Programs of Public Interest" after April 15. Stockholders wishing to receive a copy of this booklet may write to: General Motors Corporation, Room 1-101, General Motors Building, Detroit, Michigan 48202.

hold appliances declined in 1974 compared with the 1973 level, reflecting the general pattern of the appliance industry which was down about 10% in 1974.

GM of Canada

General Motors of Canada Limited set new factory unit and dollar sales records in 1974. Factory sales of cars and trucks produced by GM of Canada totaled 642,000 units, compared with 580,000 units in 1973—the previous record year. Sales by GM of Canada, expressed in U.S. dollars, totaled \$3.7 billion, 19% above the previous record of \$3.1 billion in 1973.

In 1974, GM of Canada sold 197,000 vehicles imported from GM plants in the U.S. and exported 334,000 vehicles built in Canada for sale in the United States. Of the total units produced in Canada and imported from the U.S., 34,000 were exported to countries outside North America.

At GM of Canada's Diesel Division in London, Ontario, record dollar sales were established for coaches, diesel engines, locomotives, and TEREX earthmoving equipment.

General Motors Overseas

Total dollar sales of all products overseas, including sales to United States and Canadian operations, amounted to \$6.0 billion in 1974, exceeding the previous record of \$5.8 billion in 1973.

Factory sales of passenger cars and trucks produced overseas, together with sales of 103,000 exports from the U.S. and Canada, totaled 1,473,000 units in 1974, down 12% from the record 1,678,000 units sold in 1973.

In Europe, factory sales of Adam Opel AG totaled 592,000 vehicles in 1974, compared with 845,000 in 1973. The decrease reflects the lowered economic activity and general slowdown of passenger car sales both in the Federal Republic of Germany and in many other areas where Opels are sold. Continued economic difficulties and labor disruptions in England restricted 1974 factory sales of Vauxhall cars and Bedford trucks to 250,000 units, compared with 259,000 units in 1973.

During the year, General Motors established a European Advisory Council. The Council, headquartered in London, represents a forum for sounding and analyzing the opinions and thinking of leading Europeans relative to the long-range objec-



Cadillac Coupe De Ville

tives of GM's operations in Europe, with emphasis on the economic, political, and social environments in which the automotive industry can be expected to operate. Currently, the Council has ten members—seven leading European business and professional people and three General Motors executives. The Council meets quarterly and reports directly to the GM Chairman, who participates in Council activities as an ex-officio member.

In Australia, General Motors-Holden's Pty. Limited factory sales were 185,000 units in 1974, compared with sales of 200,000 units in 1973. In 1974, GM-Holden's retained its position as sales leader in Australia for the 22nd consecutive year by accounting for 25% of all vehicles sold in that country.

In Latin America, General Motors do Brasil S.A. continued to show strong gains in factory sales and set a new record of 181,000 units in 1974, a 27% increase over the previous record of 143,000 units set in 1973. General Motors Argentina S.A. had factory sales of 28,000 vehicles in 1974, compared with 30,000 units in 1973. General Motors de Mexico, S.A. de C.V. had record factory sales of 40,000 vehicles, compared with 35,000 units in 1973.

General Motors South African (Pty.) Limited had factory sales of 31,000 units in 1974, compared with 37,000 units in 1973.

In Chile, General Motors resumed assembly of commercial vehicles during 1974. Operations were discontinued in 1971 because of various limitations imposed by the Chilean government.

In late 1974, General Motors announced

plans to establish a new joint venture assembly operation near Jeddah, Saudi Arabia, to produce Chevrolet passenger cars and a broad range of Chevrolet and GMC commercial vehicles. General Motors will have a 60% interest in the joint venture company, to be known as General Motors Saudi Arabia Ltd. Production is expected to start in 1976.

Retail sales of the GM Basic Transportation Vehicle (BTV), now available in seven countries overseas, were over 3,000 units in 1974.

GM actively seeks to hire, train, and promote local citizens in the 29 countries where it operates. Of the 187,000 employees of General Motors operations overseas, only 480 are assigned as International Service Personnel. Of these, 407 are of U.S. origin and 73 from other countries.

Litigation

On October 11, 1974, the Federal District Court in Detroit dismissed a civil action which had been brought by the Justice Department charging General Motors and Ford Motor Company with a conspiracy during 1969-1970 to fix prices and to monopolize the automobile fleet sales market. This dismissal followed a jury acquittal of the defendants on similar charges in a companion criminal case after a lengthy trial. Private treble-damage actions are still pending in Chicago.

The dismissal by the Federal District Court in Los Angeles of 35 class action suits filed against the major auto companies and the Motor Vehicle Manufacturers Association is on appeal to the U.S.



Pontiac Astre Hatchback Coupe

Court of Appeals for the Ninth Circuit. The dismissed actions were brought by various states, cities, counties, and individuals alleging a conspiracy in violation of the antitrust laws to delay the development and installation of motor vehicle emission control devices. (See also Note to Financial Statement 15 on page 19.)

Employment and Payrolls

As a result of the general business decline both in the U.S. and abroad, average worldwide employment and payrolls in 1974 were considerably below 1973 levels. Average worldwide employment in 1974 was approximately 734,000 men and women and payrolls totaled \$9,771 million, compared with 1973's record employment of 811,000 and record payrolls of \$10,309 million. Total GM contributions for employee benefit programs, however, reached a record \$2.0 billion in 1974, compared with \$1.7 billion in 1973.

The average number of GM hourly employees in the United States in 1974 was 380,000 and payrolls totaled \$5,405 million. While employment and payroll levels were down, hourly wages—including shift premiums and other income, but excluding benefit plans—averaged \$7.20 per hour, compared with \$6.46 per hour in 1973.

U.S. Employee Layoffs and Layoff Benefits

The lowered market demand for GM

vehicles in 1974 required substantial adjustments in production schedules and hourly employment levels. Actions taken included the elimination of second shifts, reduction of production rates, and the temporary closing of some assembly plants for varying periods of time. GM also reduced salaried employment levels to reduce operating costs further. These were difficult decisions and every effort was made to reduce the hardship which accompanied these necessary actions.

In accordance with contractual agreements and personnel policies, employees with the least seniority are laid off first in most cases. Because of the recent affirmative actions taken by GM in hiring and promoting women and minorities, these two groups represent a large number of those employees being affected. General Motors, however, remains committed to the concept of equal employment opportunity in spite of current adverse economic conditions and expects to further its progress in this area as soon as is possible.

To cushion the impact of layoffs, most U.S. hourly employees with at least one year of seniority are covered by either the Supplemental Unemployment Benefit (SUB) Plan or the Income Security Plan. The SUB Plan, including state unemployment benefits, provides up to 95% of weekly take-home pay, less a small amount for work-related expenses. Benefit amounts

and the duration of payments are dependent on the amount of money in the applicable Supplemental Unemployment Benefit Trust Fund. Most represented employees who are not covered under the SUB Plan, as well as nonrepresented hourly rate employees, receive layoff benefits under the Income Security Plan.

Most U.S. salaried employees receive layoff income under the Layoff Benefit Plan, which provides benefits, including state unemployment compensation, equal to 75% of pay for the first six months of layoff and 60% of pay for the next six months of layoff. The Separation Allowance Plan provides layoff income for other salaried employees, based upon their years of service with the Corporation.

Executive Organization Changes

Effective December 1, 1974, Richard C. Gerstenberg, Chairman of the Board of Directors and Chief Executive Officer, retired at age 65 under provisions of the General Motors Retirement Program. He will continue as a member of the Board and the Finance Committee. Thomas A. Murphy, who had been Vice Chairman of the Board since January 1972, was elected to succeed Mr. Gerstenberg and was named Chairman of the Finance Committee.

Edward N. Cole, President and Chief Operating Officer, also retired at age 65, effective October 1, 1974. Mr. Cole was succeeded by Elliott M. Estes, formerly Executive Vice President and a member of the Board of Directors since October 1972. Mr. Estes was named Chairman of the Executive Committee.

Oscar A. Lundin, formerly Executive Vice President and a member of the Board of Directors since April 1970, was elected a Vice Chairman, effective December 1, 1974. Mr. Lundin has responsibility for the Corporation's financial affairs, including the finance and insurance subsidiaries, and the Industry-Government Relations and Public Relations Staffs and was named Vice Chairman of the Finance Committee.

Richard L. Terrell, formerly Executive Vice President and a member of the Board of Directors since October 1972, was elected a Vice Chairman, effective October 1, 1974. Mr. Terrell has responsibility for the Operations Staffs and was named Vice Chairman of the Executive Committee.

Reuben R. Jensen, Howard H. Kehrl, F. James McDonald, and Roger B. Smith were elected Executive Vice Presidents and members of the Board of Directors.



Buick Regal Colonnade Hardtop Coupe

Net income in 1974 was \$950 million and earnings on common stock were \$3.27 per share, compared to the previous records of \$2,398 million and \$8.34 per share, respectively, set in 1973. Net income as a percent of sales declined to 3.0% from 6.7% in 1973. The reduction in earnings during 1974 of \$5.07 per share is primarily attributable to a decrease in volume and related factors of about \$4.00 per share. The balance of the reduction is due primarily to an increase in the costs of materials, purchased components, labor and related payroll taxes, and other economic cost factors, not recoverable in price.

Net income and earnings on common stock in 1973 increased \$235 million and \$0.83 per share over the previous records of \$2,163 million and \$7.51 per share, respectively, set in 1972. Despite this earnings increase, net income as a percent of sales declined from 7.1% in 1972 to 6.7% in 1973. The increase in earnings per share during 1973 was more than accounted for by the increase in volume and related factors of about \$2.50 per share, partially offset by economic cost increases, not recoverable in price, and other factors.

Looking at the three year period as a whole, or comparing 1974 with 1972, inflation, as measured by the increased costs of materials, purchased components, labor and related payroll taxes, and other economic cost factors, not recoverable in price, had the greatest adverse impact on earnings while the decrease in volume and related factors accounted for about \$1.50 per share

of the earnings decrease.

Comparing the fourth quarter of 1974 with that of 1973, worldwide factory sales totaled 1,820,000 units, a reduction of 318,000 units or 15% from 2,138,000 units in the 1973 quarter. Earnings per share of common stock were \$1.76 in the fourth quarter of 1974, slightly below the 1973 period earnings of \$1.80 per share. Dollar sales totaled \$9,396 million, \$381 million, or 4% above the \$9,015 million in the 1973 quarter. Net income, including \$42 million for the effect of the policy modification regarding depreciation described on page 15, was \$508 million, compared with \$517 million in the 1973 fourth quarter.

Throughout the world, dollar sales of GM products totaled \$31.5 billion in calendar year 1974, compared with a record \$35.8 billion in 1973. Before elimination of inter-company sales among United States, Canadian, and Overseas operations, United States operations accounted for 73% of worldwide dollar sales in 1974, with Canadian and Overseas operations contributing 10% and 17%, respectively. The comparable percentages were 77%, 8% and 15%, respectively, in 1973.

Estimated net income attributable to United States operations was 89% of total net income in 1974 compared with 86% in 1973 and 88% in 1972, while that attributable to Canadian operations was 11% in 1974, compared with 5% in 1973 and 4% in 1972. Overseas operations resulted in an approximate breakeven position in 1974 compared with 9% of net income in 1973

and 8% in 1972. Of the estimated net income attributable to United States operations, more than 90% was accounted for by automotive products in each of the three years.

Dividends paid on the common stock totaled \$3.40 per share in 1974, compared with \$5.25 per share in 1973 and \$4.45 in 1972.

Prices

As we started the 1974 calendar year, General Motors passenger cars and trucks were underpriced in relation to our costs. Price increases since the beginning of Government price controls in August 1971 were substantially less than our cost increases.

Following the expiration of price controls early in 1974, an explosion of price increases on important components and raw materials resulted in unparalleled cost increases in a relatively short period of time. In addition, significant increases in labor costs were incurred, resulting primarily from cost-of-living adjustments which are based on the Consumer Price Index published by the Bureau of Labor Statistics.

In spite of GM's continuing and extensive efforts to cut expenses and costs in every area of the business, GM was unable to offset these cost increases. Retail price increases in March and May of 1974 totaling \$108, or 2.2%, on the average vehicle, recovered considerably less than our cost increases.

Looking back over the three year period covering the 1972 through 1974 model years, GM experienced cost increases of over \$800 per vehicle, of which about \$200 represented the cost of added equipment, principally as a result of Government safety and emission standards. During this same period, our prices to our dealers were increased only about \$500, or roughly 60% of the cost increases. Thus, cost increases exceeded price increases by more than \$300 per vehicle.

Reflecting continuing cost pressures, the manufacturer's suggested retail prices of GM's 1975 models at their introduction were increased by an average of \$416, or 8.2%, on passenger cars and \$624, or 10.9%, on trucks, over comparably equipped 1974 models. These 1975 model prices included from \$100 to \$160 for the new emission control system on passenger cars and certain light trucks required to meet the Government's stringent standards. This system, including a catalytic converter, also provides substantially better gasoline mileage, as well as reduced operating and maintenance costs compared with 1974 models. Still, even after these adjustments, our cost increases for 1975 models exceeded our price recovery by about \$100 per unit. Further, since the 1975 model introduction, additional material and labor cost increases of well over \$100 per unit have been experienced.

Therefore, coupled with the \$300 unrecovered cost for 1972-1974 models, GM's unrecovered cost since the introduction of 1972 models exceeds \$500 per unit. Our results for 1974 reflect this serious price-cost imbalance and intensified cost reduction programs have been implemented.

On December 10, 1974, GM reduced the base price of each 1975 model car sold in the United States by \$13 as it replaced the previously mandated ignition interlock with a safety belt reminder system to meet revised Federal requirements.

Taxes

The provision for United States, foreign and other income taxes in 1974 was \$727



Oldsmobile Omega Coupe

million, compared with \$2,115 million in 1973 and \$2,060 million in 1972. Together with other state and local taxes and General Motors' share of social security taxes, the total tax provision in 1974 was \$1,869 million, compared with \$3,206 million in 1973 and \$2,978 million in 1972. In 1974, this total tax provision was equivalent to \$1.97 for every dollar of net income and \$6.53 per share of common stock, which compares to \$1.34 for every dollar of net income and \$11.21 per share in 1973.

Expenditures for Plant, Equipment and Special Tools and Depreciation

Expenditures for plant and equipment throughout the world totaled a record \$1,458 million in 1974, and provided for capacity expansion, modernization, and plant replacements. These expenditures received careful review to insure that they were absolutely necessary. Future expenditures will continue to receive the same careful review. Of these expenditures, approximately 81% were made in the United States, 4% in Canada and 15% overseas. In 1973, spending for plant and equipment totaled \$1,163 million. Depreciation charged to income in 1974 was \$847 million, compared with \$903 million in 1973 and \$912 million in 1972. The depreciation policy modification, as described

in the Notes to Financial Statements on page 15, reduced depreciation for 1974 by \$97 million.

Expenditures for special tools were \$1,096 million in 1974 and \$941 million in 1973. Tool amortization amounted to \$858 million in 1974, \$1,081 million in 1973 and \$874 million in 1972.

Working Capital

Working capital at December 31, 1974, totaled \$5,542 million, a decrease of \$655 million from the \$6,197 million working capital at December 31, 1973. The decrease in 1974 was primarily due to the net increase of \$782 million in real estate, plants and equipment, and special tools, partially offset by an increase in long-term debt of \$120 million. A statement setting forth the changes in working capital by element appears on page 14.

Common Stockholders' Equity

The equity of the holders of General Motors common stock is represented by the common stock, capital surplus and net income retained for use in the business. This amounted to \$12,247 million at the end of 1974, compared with \$12,283 million at the end of 1973. Book value per share of General Motors common stock decreased to \$42.58 at the end of 1974, from \$42.71 at the end of 1973.

Statement of Consolidated Income

for the years ended December 31, 1974 and 1973

General Motors Corporation
and Consolidated Subsidiaries

	1974	1973
Net Sales	\$31,549,546,126	\$35,798,289,281
Equity in earnings of nonconsolidated subsidiaries and associates (dividends received amounted to \$65,649,711 in 1974 and \$48,465,758 in 1973)	114,423,643	102,984,258
Other income less income deductions (Note 2)	6,667,025	150,687,254
Total	31,670,636,794	36,051,960,793
Costs and Expenses		
Cost of sales and other operating charges, exclusive of items listed below	26,918,749,752	28,114,073,825
Selling, general and administrative expenses	1,363,921,772	1,328,085,680
Depreciation of real estate, plants and equipment	846,574,978	902,853,471
Amortization of special tools	858,369,689	1,081,020,914
Provision for the Incentive Program (Note 11)	5,851,240	112,823,495
United States, foreign and other income taxes (Note 3)	727,100,000	2,115,000,000
Total	30,720,567,431	33,653,857,385
Net Income	950,069,363	2,398,103,408
Dividends on preferred stocks	12,928,266	12,928,269
Earned on Common Stock	\$ 937,141,097	\$ 2,385,175,139
Average number of shares of common stock outstanding	286,289,679	286,035,632
Earned Per Share of Common Stock (Note 12)	\$3.27	\$8.34

Reference should be made to notes on pages 15 through 19.

Consolidated Balance Sheet

December 31, 1974 and 1973

Assets	1974	1973
Current Assets		
Cash	\$ 400,626,489	\$ 387,131,788
United States and other government securities and time deposits— at cost, which approximates market:		
Held for payment of income taxes	303,389,424	498,525,392
Other	634,342,398	2,160,446,064
Accounts and notes receivable (Note 4)	3,000,816,886	3,082,503,470
Inventories	6,404,702,228	5,176,896,457
Prepaid expenses	900,878,680	861,001,813
Total Current Assets	11,644,756,105	12,166,504,984
Investments and Miscellaneous Assets		
Equity in net assets of nonconsolidated subsidiaries and associates (Note 5)	1,416,857,436	1,354,497,010
Other investments and miscellaneous assets—at cost (less allowances)	134,704,509	111,060,531
Total Investments and Miscellaneous Assets	1,551,561,945	1,465,557,541
Common Stock Held for the Incentive Program (Note 6)	86,698,431	137,407,501
Property		
Real estate, plants and equipment (Note 7)	16,808,456,667	15,615,898,926
Less accumulated depreciation (Note 7)	10,592,991,565	9,945,321,053
Net real estate, plants and equipment	6,215,465,102	5,670,577,873
Special tools—less amortization	817,883,143	580,657,543
Total Property	7,033,348,245	6,251,235,416
Deferred Charges		
Goodwill—less amortization	32,468,434	38,065,480
Deferred income taxes and other deferred charges	119,266,754	238,090,497
Total Deferred Charges	151,735,188	276,155,977
Total Assets	\$20,468,099,914	\$20,296,861,419

Reference should be made to notes on pages 15 through 19.

Liabilities, Reserves and Stockholders' Equity	1974	1973
Current Liabilities		
Accounts, drafts and loans payable	\$ 3,600,437,209	\$ 3,275,680,774
United States, foreign and other income taxes payable	357,802,060	605,306,296
Accrued liabilities	2,144,588,313	2,088,666,739
Total Current Liabilities	6,102,827,582	5,969,653,809
Long-Term Debt (principally foreign subsidiaries) (Note 8)	876,563,560	756,517,807
Other Liabilities	430,385,378	462,539,708
Deferred Credits and Reserves		
Deferred investment tax credits	189,115,478	178,833,236
Contingent credits under Stock Option Plan	11,443,157	18,100,000
General reserve applicable to foreign operations	141,667,396	141,667,396
Other (principally deferred translation gains and intercompany profits) (Note 9)	185,500,785	202,772,836
Total Deferred Credits and Reserves	527,726,816	541,373,468
Stockholders' Equity (Notes 10 and 11)		
Capital stock:		
Preferred:		
\$5.00 series	183,564,400	183,564,400
\$3.75 series	100,000,000	100,000,000
Common	479,361,735	479,361,735
Total capital stock	762,926,135	762,926,135
Capital surplus (principally additional paid-in capital)	766,979,178	766,979,178
Net income retained for use in the business	11,000,691,265	11,036,871,314
Total Stockholders' Equity	12,530,596,578	12,566,776,627
Total Liabilities, Reserves and Stockholders' Equity	\$20,468,099,914	\$20,296,861,419

Statement of Changes in Consolidated Financial Position

for the years ended December 31, 1974 and 1973

General Motors Corporation
and Consolidated Subsidiaries

	1974	1973
Source of Funds		
Net income	\$ 950,069,363	\$2,398,103,408
Depreciation of real estate, plants and equipment	846,574,978	902,853,471
Amortization of special tools	858,369,689	1,081,020,914
Undistributed earnings of nonconsolidated subsidiaries and associates, deferred income taxes, etc.—net	106,373,163	(149,269,638)
Total current operations	2,761,387,193	4,232,708,155
Proceeds from disposals of property	66,990,959	67,814,754
Increase (Decrease) in long-term debt	120,045,753	(34,358,630)
Total	2,948,423,905	4,266,164,279
Application of Funds		
Dividends paid to stockholders	986,249,412	1,514,240,066
Expenditures for real estate, plants and equipment	1,458,453,166	1,163,421,452
Expenditures for special tools	1,095,595,289	940,978,524
Investments in nonconsolidated subsidiaries and associates	13,586,495	158,441,970
Other—net	49,462,195	(142,993,976)
Total	3,603,346,557	3,634,088,036
Increase (Decrease) in working capital	(654,922,652)	632,076,243
Working capital at beginning of the year	6,196,851,175	5,564,774,932
Working capital at end of the year	\$5,541,928,523	\$6,196,851,175
Increase (Decrease) in Working Capital by Element		
Cash, government securities and time deposits	(\$1,707,744,933)	\$ 99,161,773
Accounts and notes receivable	(81,686,584)	276,301,356
Inventories	1,227,805,771	976,733,102
Prepaid expenses	39,876,867	275,786,980
Accounts, drafts and loans payable	(324,756,435)	(805,856,934)
United States, foreign and other income taxes payable	247,504,236	155,015,957
Accrued liabilities	(55,921,574)	(345,065,991)
Increase (Decrease) in working capital	(\$ 654,922,652)	\$ 632,076,243

Reference should be made to notes on pages 15 through 19.

Note 1. Significant Accounting Policies*Principles of Consolidation*

The consolidated financial statements include the accounts of the Corporation and all domestic and foreign subsidiaries which are more than 50% owned and engaged principally in manufacturing or wholesale marketing of General Motors products. General Motors' share of earnings or losses of nonconsolidated subsidiaries and of associates in which at least 20% of the voting securities is owned is generally included in consolidated income under the equity method of accounting. Intercompany items and transactions between companies included in the consolidation are eliminated and unrealized intercompany profits on sales to nonconsolidated subsidiaries and to associates are deferred.

Translation of Foreign Currencies

Real estate, plants and equipment, accumulated depreciation and the provision for depreciation are translated into United States dollars at exchange rates in effect at the dates the related assets were acquired. Other assets, liabilities and deferred credits and reserves are translated at exchange rates in effect at the date of the balance sheet; other items of income and expense are translated at average exchange rates for the months in which the transactions occurred. Accumulated unrealized net loss from translation of foreign currency accounts of any foreign subsidiary is charged to income and accumulated unrealized net gain is deferred. Gains or losses on significant exchange contracts are included in costs and expenses currently.

Income Taxes

Investment tax credits allowable under the income tax laws are deducted in determining taxes estimated to be payable currently and are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, benefit plans expense, sales and product allowances and undistributed earnings of subsidiaries and associates) are deferred, except that the tax effects of certain expenses charged to income prior to 1968 have not been deferred but are recognized in income taxes provided at the time such expenses become allowable deductions for tax purposes. Provisions are made for estimated United States and foreign taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' and associates' undistributed earnings included in the consolidated financial statements.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined substantially by the first-in, first-out or the average cost method. Market value is current sales price less distribution cost for finished product and replacement cost for other inventories. Physical inventories are taken at all locations.

Common Stock Held for the Incentive Program

Common stock in treasury is held exclusively for payment of liabilities under the Incentive Program and is stated substantially at cost.

Property, Depreciation and Amortization

Property is stated at cost. Maintenance, repairs, rearrangement

expenses and renewals and betterments which do not enhance the value or increase the basic productive capacity of the assets are charged to costs and expenses as incurred.

Depreciation is provided on groups of property using, with minor exceptions, an accelerated method which accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property. The annual group rates of depreciation are as follows:

<u>Classification of Property</u>	<u>Annual Group Rates</u>
Land improvements	5%
Buildings	3½%
Machinery and equipment	8½% (Average)
Furniture and office equipment	6% (Average)

In 1974, based on a periodic study of depreciation policies, the number of property groups was increased by establishing a separate group for each year's acquisitions within each classification of property. This modification has the effect of depreciating the cost of certain groups of property more nearly over the service lives of the assets and reduces depreciation expense in 1974 by \$97 million.

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

Goodwill

Goodwill represents the excess of the cost over the value ascribed to the net tangible assets of businesses acquired and is amortized over ten years with the amortization applied directly to the asset account. Amortization amounted to \$6,427,346 in 1974 and \$6,344,246 in 1973.

Incentive Program

A reserve is maintained for purposes of the Bonus Plan and Stock Option Plan to which may be credited each year a maximum amount which the independent public accountants of the Corporation determine in accordance with the provisions of the Bonus Plan; however, for any year, the Bonus and Salary Committee may direct that a lesser amount be credited. Bonus awards under the Bonus Plan, contingent credits under the Stock Option Plan and such other amounts arising out of the operation of the Incentive Program as the Committee may determine are charged to the reserve. As a result of tentative determinations of awards by the Committee, the amount provided is transferred to current liabilities, other liabilities and deferred credits at December 31.

If Bonus and Stock Option Plan participants fail to meet conditions precedent to receiving undelivered instalments of bonus awards and contingent credits, the amount of any such instalments is credited to income. Upon the exercise of stock options, the related contingent credits are proportionately reduced and the amount of the reduction is credited to income.

Notes to Financial Statements (continued)

Note 1. Significant Accounting Policies (concluded)

General Reserve Applicable to Foreign Operations

The general reserve applicable to foreign operations was established in 1954. There has been no change in this reserve since its establishment.

Pension Program

The Corporation and its subsidiaries have several pension plans covering substantially all employees. Generally, plans covering hourly-rate employees are noncontributory and those covering salaried employees are both contributory and noncontributory. Benefits under the plans are generally related to an employee's

length of service, wages and salaries, and contributions. The costs of these plans are determined on the basis of actuarial cost methods and include amortization of prior service cost over periods not exceeding 30 years. With the exception of certain overseas subsidiaries, pension costs accrued are funded.

Product Related Expenses

Expenditures for research and development and for advertising and sales promotion are charged to costs and expenses when incurred; provisions for estimated costs related to product warranty are made at the time the products are sold.

Note 2. Other Income Less Income Deductions

	1974	1973
Other income:		
Interest income	\$ 166,989,616	\$ 273,314,924
Other	29,606,184	23,877,064
Income deductions:		
Interest and related charges on long-term debt	(77,940,292)	(66,033,440)
Other interest	(84,802,411)	(38,927,130)
Net loss on translation of financial statements in foreign currencies (a)	(45,582,291)	(14,778,701)
Other	18,396,219	(26,765,463)
Net	\$ 6,667,025	\$ 150,687,254

(a) In addition, net translation gains (losses) of (\$14,770,612) in 1974 and \$67,061,457 in 1973 were credited (charged) to Deferred Credits and Reserves—Other.

Note 3. United States, Foreign and Other Income Taxes

	1974	1973
Taxes estimated to be payable currently (b):		
United States Federal	\$ 329,664,925	\$1,749,899,899
Foreign	126,916,078	264,634,422
Other (\$51,500,000 for 1974 largely offset by adjustments to prior years' accruals)	600,000	265,141,000
Total	457,181,003	2,279,675,321
Taxes deferred—net:		
United States Federal	248,334,075	(145,306,899)
Foreign	(17,997,320)	(8,222,267)
Other	29,300,000	(20,141,000)
Total	259,636,755	(173,670,166)
Investment tax credits deferred—net of amortization:		
United States Federal	10,101,000	7,607,000
Foreign	181,242	1,387,845
Total	10,282,242	8,994,845
Total	\$ 727,100,000	\$2,115,000,000

(b) Investment tax credits deducted in determining taxes estimated to be payable currently amounted to \$57,450,800 in 1974 and \$55,518,935 in 1973.

Note 4. Accounts and Notes Receivable

	1974	1973
General Motors Acceptance Corporation and subsidiaries:		
Current wholesale financing of sales of General Motors products, etc.	\$1,359,792,896	\$1,196,627,830
Noninterest bearing loan	—	500,000,000
Total	1,359,792,896	1,696,627,830
Other trade and sundry receivables (less allowances)	1,641,023,990	1,385,875,640
Total	\$3,000,816,886	\$3,082,503,470

Note 5. Equity in Net Assets of Nonconsolidated Subsidiaries and Associates

	1974	1973
Nonconsolidated subsidiaries:		
General Motors Acceptance Corporation and subsidiaries (See page 21)	\$1,187,332,411	\$1,143,389,893
Dealerships operating under dealership assistance plans (retail companies)	108,581,712	104,530,281
Other domestic and foreign subsidiaries	30,229,903	15,972,951
Associates (interests in overseas companies)	90,713,410	90,603,885
Total	\$1,416,857,436	\$1,354,497,010

Notes to Financial Statements (continued)

Note 6. Common Stock Held for the Incentive Program

	1974		1973	
	Shares	Amount	Shares	Amount
Balance at beginning of the year	1,886,888	\$137,407,501	1,693,625	\$129,540,350
Acquired during the year	70,900	3,556,657	839,190	57,296,450
Delivered to participants during the year	(734,622)	(54,265,727)	(645,927)	(49,430,924)
Revaluation in accordance with the Bonus Plan	—	—	—	1,625
Balance at end of the year:				
Held for instalment deliveries of bonus awards and contingent credits related to prior years	950,415	68,351,323	823,807	62,428,888
Available for contingent credits related to outstanding stock options	153,288	11,443,157	175,422	13,914,493
Available for current bonus awards and contingent credits . .	119,463	6,903,951	887,659	61,064,120
Total	1,223,166	\$ 86,698,431	1,886,888	\$137,407,501

Note 7. Real Estate, Plants and Equipment and Accumulated Depreciation

	1974		1973	
Real estate, plants and equipment:				
Land	\$ 247,778,103		\$ 236,608,135	
Land improvements	546,176,357		515,723,635	
Leasehold improvements—less amortization	25,061,275		24,312,032	
Buildings	4,070,429,327		3,889,687,534	
Machinery and equipment	10,957,876,467		10,211,856,100	
Furniture and office equipment	238,842,532		234,844,708	
Construction in progress.	722,292,606		502,866,782	
Total	\$16,808,456,667		\$15,615,898,926	
Accumulated depreciation:				
Land improvements	\$ 327,117,831		\$ 305,376,415	
Buildings	2,308,058,108		2,177,974,915	
Machinery and equipment	7,737,842,390		7,249,030,699	
Furniture and office equipment	170,643,106		163,608,894	
Extraordinary obsolescence	49,330,130		49,330,130	
Total	\$10,592,991,565		\$ 9,945,321,053	

Note 8. Long-Term Debt (Less Current Portion)

	1974		1973	
General Motors Corporation—United States dollars	1976-2000	\$ 122,563,832	\$ 123,067,107	
Consolidated subsidiaries:				
United States dollars	1976-86	376,107,628	262,125,000	
Canadian dollars	1976	50,450,000	50,200,000	
German marks	1976-79	184,675,000	185,693,800	
Swiss francs	1976	61,480,000	57,100,000	
British pounds	1977-92	46,920,000	63,525,000	
Brazilian cruzeiros	1976-82	16,852,000	—	
Venezuelan bolivars	1976-80	5,170,700	5,557,500	
French francs	1976-78	5,069,300	6,135,000	
Other currencies	1976-2004	7,275,100	3,114,400	
Total		\$ 876,563,560	\$ 756,517,807	

Maturities of long-term debt at December 31, 1974 for each of the five years through 1979 are: 1975—\$55,455,298 (included in current liabilities); 1976—\$315,811,926; 1977—\$145,969,021; 1978—\$40,897,867; and 1979—\$143,195,818.

Note 9. Deferred Credits and Reserves—Other

	1974		1973	
Deferred gains on translation of foreign currency accounts of foreign subsidiaries	\$ 88,230,097		\$ 103,000,709	
Deferred intercompany profits arising from sales to nonconsolidated subsidiaries	72,659,832		71,503,826	
Other deferred income	3,809,221		6,647,191	
Miscellaneous reserves	20,801,635		21,621,110	
Total	\$ 185,500,785		\$ 202,772,836	

Notes to Financial Statements (continued)

Note 10. Stockholders' Equity

1974

1973

Capital Stock:

Preferred Stock, without par value (authorized, 6,000,000 shares), no change during the year:

\$5.00 series, stated value \$100 per share, redeemable at \$120 per share (issued, 1,875,366 shares; in treasury, 39,722 shares; outstanding, 1,835,644 shares).	\$ 183,564,400	\$ 183,564,400
\$3.75 series, stated value \$100 per share, redeemable at \$100 per share (issued and outstanding, 1,000,000 shares)	100,000,000	100,000,000

Common Stock, \$1 $\frac{2}{3}$ par value (authorized, 500,000,000 shares):

Issued at beginning of the year (287,617,041 shares in 1974 and 287,616,525 shares in 1973)	479,361,735	479,360,875
Newly issued stock sold under provisions of the Stock Option Plan (516 shares in 1973)	—	860
Issued at end of the year (287,617,041 shares in 1974 and 1973)	479,361,735	479,361,735
Total capital stock at end of the year	762,926,135	762,926,135

Capital Surplus (principally additional paid-in capital):

Balance at beginning of the year	766,979,178	766,945,776
Paid-in capital in excess of par value of newly issued common stock sold under provisions of the Stock Option Plan	—	31,777
Increase in carrying value of common stock held for the Incentive Program revalued in accordance with the Bonus Plan	—	1,625
Balance at end of the year	766,979,178	766,979,178

Net Income Retained for Use in the Business:

Balance at beginning of the year.	11,036,871,314	10,153,007,972
Net income.	950,069,363	2,398,103,408
Total	11,986,940,677	12,551,111,380

Cash dividends:

Preferred stock, \$5.00 series, \$5.00 per share	9,178,220	9,178,220
Preferred stock, \$3.75 series, \$3.75 per share	3,750,046	3,750,049
Common stock, \$3.40 per share in 1974 and \$5.25 per share in 1973	973,321,146	1,501,311,797
Total cash dividends	986,249,412	1,514,240,066
Balance at end of the year	11,000,691,265	11,036,871,314

Total Stockholders' Equity

\$12,530,596,578	\$12,566,776,627
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Note 11. Incentive Program

For the year 1974, the Bonus and Salary Committee directed a credit to the Reserve for Bonus Plan and Stock Option Plan of \$5,851,240, (the maximum permitted under the Bonus Plan formula as set forth on page 20). In addition, the Committee has directed that approximately \$432,000 of the unawarded balance in the reserve carried forward from 1973 be made available for the distribution related to 1974. Subject to final determination, the Committee has tentatively directed that the total of individual awards shall approximate the amount of the credit to the reserve related to 1974 plus approximately \$432,000. As a result, \$6,283,240 was transferred to current and other liabilities. With respect to individual participation in the bonus distribution, the Bonus and Salary Committee has directed that all Corporate officers, together with a substantial number of other senior executives, shall receive no awards related to 1974.

Changes during 1974 in the status of options granted under the Stock Option Plan are shown in the following table. The option prices are 100% of the average of the highest and lowest sales prices on the New York Stock Exchange on the dates the options were granted. Of the options outstanding at

December 31, 1974, those granted in 1970 expire five years from the date of grant and those granted in 1973 and 1974 expire ten years from date of grant. All options are subject to earlier termination under certain conditions.

The Corporation intends to deliver newly issued stock upon the exercise of any of the outstanding options. The maximum number of shares for which additional options might be granted under the Plan was 2,534,638 at January 1, 1974 and 2,449,363 at December 31, 1974.

Year Granted	Option Price	Shares Under Option			
		Jan. 1, 1974	Changes During Year Granted	Terminated	Dec. 31, 1974
1969	\$ 78.07	175,734	—	175,734	—
1970	69.82	205,131	—	42,345	162,786
1973	73.38	290,802	—	29,634	261,168
1974	50.00	—	351,948	18,960	332,988
Total		671,667	351,948	266,673	756,942

Note 12. Earnings Per Share

Earnings per share of common stock are based on the average number of shares outstanding during each year. The effect on earnings per share resulting from the assumed exercise of out-

standing options and delivery of bonus awards and contingent credits under the Incentive Program is not material.

Note 13. Foreign Operations

Net assets, sales and income attributable to operations outside the United States and Canada, included in the consolidated financial statements, are summarized in the table on page 19. Net sales include sales to United States and Canadian operations. Net income is after provisions for deferred income taxes on unremitted earnings of such foreign operations and other con-

solidation adjustments and, in 1974, includes earnings (loss) attributable to the major overseas manufacturing subsidiaries, as follows: Adam Opel AG, \$44 million; General Motors-Holden's Pty. Limited, \$21 million; and Vauxhall Motors Limited, (\$30 million).

Notes to Financial Statements (concluded)

Note 13. Foreign Operations (concluded)

Net Assets Attributable to Operations Outside the United States and Canada

	December 31, 1974				December 31, 1973 Total
	Western Europe	United Kingdom, Australia, New Zealand and South Africa	Other, Principally Mexico and South America	Total	
(In Millions)					
Assets:					
Total current assets	\$ 827	\$1,024	\$ 782	\$2,633	\$2,245
Real estate, plants and equipment	1,380	978	411	2,769	2,586
Less accumulated depreciation	(872)	(728)	(168)	(1,768)	(1,674)
Special tools—less amortization	141	114	42	297	251
Other assets	34	16	173	223	203
Total assets	1,510	1,404	1,240	4,154	3,611
Liabilities:					
Bank borrowings and notes payable	170	388	240	798	383
Other current liabilities	328	361	230	919	903
Total current liabilities	498	749	470	1,717	1,286
Long-term debt of subsidiaries	370	51	253	674	553
Other liabilities and reserves	255	89	27	371	365
Total liabilities	1,123	889	750	2,762	2,204
Balance	\$ 387	\$ 515	\$ 490	\$1,392	\$1,407
Less General Reserve Applicable to Foreign Operations				142	142
Attributable to Operations Outside the United States and Canada:					
Net Assets				\$1,250	\$1,265
Net Sales				\$5,969	\$5,779
Net Income				\$ —	\$ 216

Note 14. Pension Program

The total pension expense of the Corporation and its consolidated subsidiaries amounted to \$819 million in 1974 and \$719 million in 1973. During 1974, the Corporation and its independent actuaries completed a periodic review of the experience under the plans including the actuarial methods and assumptions used in determining the payments to be made to the trust funds. The increase in pension expense in 1974 reflects the cost

of substantially increased benefits resulting from amendments to the plans, offset in part by certain modifications in actuarial cost methods. The Employee Retirement Income Security Act of 1974 is not expected to have a material effect upon the cost of the pension plans. The actuarially computed value of vested benefits of all plans exceeded the total of pension funds, at market, and balance sheet accruals as of December 31, 1974, by about \$3.4 billion.

Note 15. Contingent Liabilities

There are various claims and pending actions against the Corporation and its subsidiaries in respect of commercial matters, including warranties and product liability, governmental regulations including environmental and safety matters, civil rights, patent matters, taxes and other matters arising out of the conduct of the business. Certain of these actions purport

to be class actions, seeking damages in very large amounts. The amounts of liability on these claims and actions at December 31, 1974 were not determinable but, in the opinion of the management, the ultimate liability resulting will not materially affect the consolidated financial position or results of operations of the Corporation and its consolidated subsidiaries.

Accountants' Report

Haskins & Sells
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

General Motors Corporation, its Directors and Stockholders:

February 12, 1975

We have examined the Consolidated Balance Sheet of General Motors Corporation and consolidated subsidiaries as of December 31, 1974 and 1973 and the related Statements of Consolidated Income and Changes in Consolidated Financial Position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies at December 31, 1974 and 1973 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied.

Haskins & Sells

Pension Funds Held by Trustees in the United States

Under the Hourly-Rate Pension Plan and the Trusteed Part of the Retirement Program for Salaried Employees

Funds at December 31, 1973—with securities valued at cost		\$3,910,582,405
Additions during 1974:		
Payments by General Motors into trusts	\$774,500,000	
Interest and dividends received	211,945,314	
Net losses realized on sales of securities	(127,703,565)	
Net additions before pension payments	\$858,741,749	
Pension payments during 1974	443,476,340	415,265,409
Funds at December 31, 1974—with securities valued at cost		\$4,325,847,814

Note: Payments by General Motors into trusts, managed by a group of independent banks, include an estimated \$451 million attributable to prior service benefits provided under the original plan and by subsequent amendments. The funds in these trusts, which include amounts appli-

cable to nonconsolidated subsidiaries, are held for payment of pension benefits and are not the property of the Corporation or any of its subsidiaries. In addition, three insurance companies administer the insured part of the U.S. salaried employees' retirement program.

Incentive Program

The Incentive Program consists of the General Motors Bonus Plan, first approved by stockholders in 1918, and the General Motors Stock Option Plan, adopted in 1957. The By-Laws provide that the Plans shall be presented for action at a stockholders' meeting at least once in every five years. In that connection both Plans were approved by the stockholders at the 1972 Annual Meeting.

The Corporation maintains a reserve for purposes of the Bonus Plan and the Stock Option Plan, to which may be credited each year an amount which the independent public accountants of

the Corporation determine to be 8% of the net earnings which exceed 7% but not 15% of net capital, plus 5% of the net earnings which exceed 15% of net capital, but not in excess of the amount paid out as dividends on the common stock during the year. However, for any year the Bonus and Salary Committee may direct that a lesser amount be credited. Bonus awards under the Bonus Plan, contingent credits under the Stock Option Plan, and such other amounts arising out of the operation of the Incentive Program as the Committee may determine are charged to the reserve.

Maximum Amount which may be Credited to the Reserve As Determined by the Independent Public Accountants:

Computation of net capital:		
Amounts at December 31, 1973 included in the Consolidated Balance Sheet, page 13:		
Total stockholders' equity		\$12,566,776,627
Long-term debt of General Motors Corporation		124,810,436
Total		12,691,587,063
Add proportionate allowance for net increase during the year in capital stock, capital surplus and debt—Increase arising from net increase in long-term debt of General Motors Corporation in the principal amount of \$1,792,463		53,928
Net capital (as defined in the Bonus Plan)		\$12,691,640,991
Computation of net earnings for determination of credit:		
Net income reported in the Statement of Consolidated Income, page 11		\$ 950,069,363
Add amounts charged to income:		
Provision for Bonus Plan and Stock Option Plan		5,851,240
Interest and discount on long-term debt of General Motors Corporation		5,831,644
Total		961,752,247
Deduct amounts credited to income:		
Portions of prior years' bonus awards which could not continue to be earned under the terms of the Bonus Plan	\$191,515	
Reduction in contingent credits resulting from loss of rights under the Stock Option Plan during the year	5,366	196,881
Net earnings (as defined in the Bonus Plan)		961,555,366
Deduct 7% on net capital (equivalent to \$3.04 per share of common stock)		888,414,869
Portion of net earnings upon which the maximum credit to the reserve is computed—Net earnings between 7% and 15% of net capital		\$ 73,140,497
Maximum amount which may be credited to the reserve:		
8% of the net earnings between 7% and 15% of net capital		\$ 5,851,240
Amount Available for Bonus Awards and Contingent Credits:		
Credit to the reserve as directed by the Bonus and Salary Committee		\$ 5,851,240
Add unawarded balance in reserve carried forward from 1973		1,974,181
Total amount available in the reserve for awards under the Bonus Plan and for contingent credits under the Stock Option Plan		\$ 7,825,421

Provisions for Bonus Plan and Stock Option Plan:

There are shown below the provisions for the Bonus Plan and the Stock Option Plan before giving effect to the resulting reductions in income taxes.

1965	\$130,000,000	1967	\$107,000,000	1969	\$110,000,000	1971	\$90,000,000	1973	\$112,823,495
1966	\$114,000,000	1968	\$111,000,000	1970	—	1972	\$101,357,691	1974	\$ 5,851,240

General Motors Acceptance Corporation

and Subsidiaries

Condensed Consolidated Balance Sheet

December 31, 1974 and 1973

Assets	1974	1973
Cash	\$ 271,292,640	\$ 207,789,543
Marketable Securities	237,504,900	247,762,460
Finance Receivables (including instalments maturing after one year: 1974—\$4,708,802,838; 1973—\$4,678,807,737; less unearned income: 1974—\$865,035,983; 1973—\$784,428,384 and reserves for losses: 1974—\$131,578,539; 1973—\$126,803,446)	14,531,312,314	13,748,055,565
Insurance Receivables	25,860,086	27,143,040
Unamortized Debt Expense	19,941,136	19,516,614
Other Assets	67,236,814	39,404,324
Total Assets	\$15,153,147,890	\$14,289,671,546

Liabilities, Reserves and Stockholder's Equity

Notes, Loans and Debentures Payable Within One Year (less unamortized discount: 1974—\$22,450,728; 1973—\$24,338,825)	\$ 7,473,280,458	\$ 6,198,390,324
Accounts Payable, Accrued Liabilities and Reserves		
General Motors Corporation and affiliated companies (including noninterest bearing loan of \$500,000,000 at December 31, 1973)	1,359,792,896	1,696,627,830
Dealers	116,537,508	115,006,639
United States and foreign income and other taxes	50,242,062	29,250,424
Interest	119,994,977	106,137,047
Unearned insurance premiums	137,871,123	147,095,655
Insurance losses and claims	39,137,386	39,678,422
Other	59,982,252	51,765,140
Total Accounts Payable, Accrued Liabilities and Reserves	1,883,558,204	2,185,561,157
Notes, Loans and Debentures Payable After One Year (maturing prior to 2000— less unamortized discount: 1974—\$10,693,486; 1973—\$10,890,113)	3,843,976,817	3,952,330,172
Subordinated Indebtedness (maturing prior to 1993)	765,000,000	810,000,000
Stockholder's Equity		
Preferred stock, \$100 par value (authorized and outstanding, 1,100,000 shares):		
6% cumulative	75,000,000	75,000,000
7¼% cumulative	35,000,000	35,000,000
Common stock, \$100 par value (authorized and outstanding, 5,150,000 shares)	515,000,000	515,000,000
Net income retained for use in the business:		
Balance at beginning of the year	\$518,389,893	\$473,002,595
Net income	105,980,018	88,424,798
Total	624,369,911	561,427,393
Cash dividends	62,037,500	43,037,500
Balance at end of the year	562,332,411	518,389,893
Total Stockholder's Equity	1,187,332,411	1,143,389,893
Total Liabilities, Reserves and Stockholder's Equity	\$15,153,147,890	\$14,289,671,546

Amounts for 1973 have been restated to include insurance subsidiaries on a consolidated basis. This restatement had no effect on net income or net income retained for use in the business. Effective in 1974, income from insurance operations has been determined in accordance with accounting principles now regarded as generally accepted for casualty insurance companies. Formerly, income from insurance operations was determined substantially on a statutory basis. Net income for 1974 includes a \$16.5 million credit representing the cumulative effect of this change as of January 1, 1974.

The above condensed balance sheet has been summarized from the financial statements appearing in the Annual Report of General Motors Acceptance Corporation as to which an opinion concurring with the above changes has been expressed by Haskins & Sells, independent public accountants.

Supplementary Information

General Motors is a highly integrated business engaged primarily in the manufacture, assembly and distribution of motor-driven products, most of which relate to transportation equipment,

which are classified as automotive, nonautomotive and defense and space. The major portion of General Motors products is marketed through independent dealers in the United States and

Summary of Operations (Dollars in Millions Except Per Share Amounts)	1974	1973	1972
Net sales	\$31,549.5	\$35,798.3	\$30,435.2
Equity in earnings of nonconsol. subs. and associates, and other income (net)	121.1	253.7	174.8
Cost of sales and selling, general and admin. expenses, excluding items below .	28,282.5	29,442.2	24,499.4
Depreciation of real estate, plants and equipment	846.6	902.9	912.4
Amortization of special tools	858.4	1,081.0	874.2
Provision for the Incentive Program	5.9	112.8	101.4
United States, foreign and other income taxes	727.1	2,115.0	2,059.8
Net income	950.1	2,398.1	2,162.8
Dividends on preferred stocks	12.9	12.9	12.9
Earned on common stock	937.2	2,385.2	2,149.9
Dividends on common stock	973.3	1,501.3	1,273.1
Net income retained in the year for use in the business	(\$ 36.1)	\$ 883.9	\$ 876.8
Net income—percent to sales	3.0%	6.7%	7.1%
Earned on common stock—per share	\$ 3.27	\$ 8.34	\$ 7.51
Dividends on common stock—per share	3.40	5.25	4.45
Net income retained in the year for use in the business—per share	(\$.13)	\$ 3.09	\$ 3.06
Average number of shares of common stock outstanding (in millions) . . .	286.3	286.0	286.1
Dividends on preferred and common stocks as percent to net income . . .	103.8%	63.1%	59.5%

Management's discussion and analysis of operations for 1974 and 1973 appear on page 9.

Additional Statistics (Dollars in Millions Except Per Share Amounts)

Expenditures for plant and equipment	\$ 1,458.5	\$ 1,163.4	\$ 940.0
Expenditures for special tools	\$ 1,095.6	\$ 941.0	\$ 898.5
Worldwide payrolls	\$ 9,771.4	\$10,308.5	\$ 8,668.2
Worldwide average number of employees (in thousands)	734	811	760
Common and preferred stockholders—Number (in thousands)	1,348	1,306	1,285
—Equity	\$12,530.6	\$12,566.8	\$11,682.9
Book value per share of common stock	\$ 42.58	\$ 42.71	\$ 39.64
Working capital	\$ 5,541.9	\$ 6,196.9	\$ 5,564.8

Factory Sales of Cars and Trucks, including export shipments (Units in Thousands)

Manufactured in the United States			
Passenger cars	3,592	5,251	4,778
Trucks and coaches	1,086	1,261	963
Total Manufactured in the United States	4,678	6,512	5,741
Manufactured in Canada	642	580	459
Manufactured Overseas*	1,370	1,592	1,591
Total Factory Sales of Cars and Trucks—All Sources.	6,690	8,684	7,791
*Includes units manufactured by Isuzu Motors Limited and marketed by GM	63	43	39

Canada and through independent distributors and retail dealers overseas, who operate under selling agreements. To assist in the merchandising of General Motors products, General Motors

Acceptance Corporation and its subsidiaries offer financial services and physical damage insurance to dealers and customers.

1971	1970	1969	1968	1967	1966	1965
\$28,263.9	\$18,752.4	\$24,295.1	\$22,755.4	\$20,026.3	\$20,208.5	\$20,734.0
64.2	127.4	153.0	130.2	113.3	154.5	165.8
22,727.7	16,586.8	19,103.6	17,553.2	15,421.6	15,412.3	15,313.9
873.1	821.5	765.8	729.1	712.6	654.1	556.7
917.5	677.3	891.7	853.1	839.6	860.8	744.7
90.0	—	110.0	111.0	107.0	114.0	130.0
1,784.1	185.1	1,866.3	1,907.3	1,431.5	1,528.4	2,028.9
1,935.7	609.1	1,710.7	1,731.9	1,627.3	1,793.4	2,125.6
12.9	12.9	12.9	12.9	12.9	12.9	12.9
1,922.8	596.2	1,697.8	1,719.0	1,614.4	1,780.5	2,112.7
972.5	971.0	1,227.5	1,227.5	1,084.4	1,298.1	1,496.8
\$ 950.3	(\$ 374.8)	\$ 470.3	\$ 491.5	\$ 530.0	\$ 482.4	\$ 615.9
6.8%	3.2%	7.0%	7.6%	8.1%	8.9%	10.3%
\$ 6.72	\$ 2.09	\$ 5.95	\$ 6.02	\$ 5.66	\$ 6.24	\$ 7.41
3.40	3.40	4.30	4.30	3.80	4.55	5.25
\$ 3.32	(\$ 1.31)	\$ 1.65	\$ 1.72	\$ 1.86	\$ 1.69	\$ 2.16
286.0	285.5	285.4	285.4	285.3	285.3	285.0
50.9%	161.5%	72.5%	71.6%	67.4%	73.1%	71.0%

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\$ 1,013.0	\$ 1,134.2	\$ 1,043.8	\$ 860.2	\$ 912.6	\$ 1,188.1	\$ 1,322.0
\$ 630.7	\$ 1,148.6	\$ 863.1	\$ 865.8	\$ 881.2	\$ 890.8	\$ 729.8
\$ 8,015.1	\$ 6,259.8	\$ 6,928.3	\$ 6,540.1	\$ 5,634.2	\$ 5,559.7	\$ 5,448.3
773	696	794	757	728	745	735
1,315	1,358	1,363	1,372	1,399	1,418	1,310
\$10,805.2	\$ 9,853.8	\$10,227.9	\$ 9,756.8	\$ 9,261.2	\$ 8,726.1	\$ 8,237.3
\$ 36.58	\$ 33.28	\$ 34.58	\$ 32.94	\$ 31.23	\$ 29.37	\$ 27.68
\$ 4,530.4	\$ 3,267.6	\$ 4,548.9	\$ 4,390.2	\$ 4,113.7	\$ 3,709.1	\$ 3,786.5

4,857	2,977	4,425	4,581	4,119	4,449	4,941
910	614	835	829	679	746	755
5,767	3,591	5,260	5,410	4,798	5,195	5,696
509	291	501	424	386	356	419
1,503	1,426	1,399	1,253	1,087	1,166	1,163
7,779	5,308	7,160	7,087	6,271	6,717	7,278
—	—	—	—	—	—	—

Selected Common Stock Data

	1974 Quarters				1973 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Price Range*—High	\$55.50	\$53.50	\$48.88	\$38.00	\$84.63	\$76.25	\$69.75	\$67.63
—Low	45.63	46.13	35.50	28.88	71.00	63.00	60.38	44.88
Earned Per Share	0.41	1.05	0.05	1.76	2.84	2.78	0.92	1.80
Dividends Per Share	0.85	0.85	0.85	0.85	0.85	1.20	0.85	2.35

*Based on prices on the New York Stock Exchange, the principal market

Lines of Business

General Motors considers itself to be in a single line of business, broadly defined as transportation equipment. The amount of net sales, by classes of products, attributable to United States

operations and the amount of net sales attributable to Canadian and Overseas operations are summarized for the five years ended December 31, 1974 as follows:

	1974	1973	1972	1971	1970
	(In Millions)				
United States operations:					
Automotive products	\$23,446.7	\$28,116.6	\$23,894.8	\$22,619.1	\$13,420.8
Nonautomotive products	2,210.2	1,938.8	1,705.2	1,560.9	1,523.2
Defense and space	359.1	316.4	321.9	414.6	534.9
Total United States operations	26,016.0	30,371.8	25,921.9	24,594.6	15,478.9
Canadian operations	3,693.7	3,116.0	2,489.1	2,470.4	1,309.5
Overseas operations	5,968.8	5,779.0	4,741.4	4,112.3	3,652.2
Elimination of intercompany sales	(4,129.0)	(3,468.5)	(2,717.2)	(2,913.4)	(1,688.2)
Total	\$31,549.5	\$35,798.3	\$30,435.2	\$28,263.9	\$18,752.4

Because of the high degree of integration, substantial inter-divisional and intercompany transfers of materials and services are made. Consequently, any determination of income by the classes of products or areas of operations shown above is necessarily arbitrary because of the allocation and reallocation of

costs, including corporate costs, benefiting more than one division or product. Within these limitations, the Corporation estimates that the percentage of net income attributable to the United States, Canadian and Overseas operations for the five years ended December 31, 1974 was as follows:

	1974	1973	1972	1971	1970
United States operations:					
Automotive products	81%	84%	85%	89%	71%
Other products	8	2	3	1	10
Total United States operations	89	86	88	90	81
Canadian operations	11	5	4	5	—
Overseas operations	—	9	8	5	19
Total	100%	100%	100%	100%	100%



General Motors Corporation
Detroit, Michigan 48202



Pontiac Grand Ville 4-Door Hardtop Sedan